

Questions from Meeting on January 18, 2002

1. ***Are the audited financial statements submitted electronically? Is this different from filing a material modification?***

No, the health plans will continue to submit an original and a copy of their audited financial statements to the Department. The audited financial statements will continue to be filed with Pat Sampson. This process is separate from filing a material modification. Please contact Angela Rodriguez at (916) 324-9048 regarding electronic filing of amendments and material modifications electronically.

2. ***Do we need to back up on disk?***

Once the plan submits their reporting forms and attachments through the web portal, there is no need to send a hard copy or a disk with the information to the Department. Health Plans should keep a copy for their own records.

3. ***Are forms acceptable to Department of Health Services (DHS)?***

Yes, our understanding is that the new reporting forms are acceptable to the DHS. We are waiting for the formal approval letter from DHS.

4. ***Should the year Ending 2001 be reported on the old or new forms?***

You may submit the year-end 2001 information on the old Orange Blank or the new reporting forms.

5. ***Do you need to submit a separate agreement with licensing?***

Yes, there is a separate electronic filing agreement to submit amendments and material modifications. See question #1

6. ***Is actuary certification optional?***

Yes, the actuary certification is optional. An actuary certification may be submitted in Lieu of Schedule I "Analysis of Total Medical Liability to Actual Claims Paid". If the health plan chooses to file an actuarial certification, the certification must be submitted on a quarterly basis.

7. ***Do we need to file a copy of the reporting forms with DHS? What can we do?***

We are currently awaiting a response from DHS to determine if the Department or the plan will forward a copy of the reporting forms to them.

8. *Can you back up and print the reporting forms?*

Yes, the forms can be backed up and printed. When the plan has access to the web portal, the forms are downloaded to the plan's hard drive. Once the forms are downloaded, the plan can enter all financial information in the reporting forms. Once the reporting forms are completed, they are uploaded to the Department's database via the web portal. Since the reporting forms are stored on the plan's hard drive, the plan can print the forms as they would print any other Microsoft Excel document.

9. *Is the Department planning to revise requirement that forms filed must be in Orange Blank Form?*

We are in the process of changing the Regulations, to state that the financial statements must be in a format approved by the Department. Since the financial statements are required be on a generally accepted accounting principle basis (GAAP), revisions may have to be made as GAAP changes.

10. *How long does it take to receive the user ID and password?*

For those plans that submitted the Electronic Filing Agreement, the user ID and password will be sent in the beginning of February. Once the Department receives an Electronic Filing Agreement, it should take approximately one week to receive the user ID and password information.

11. *Can the quarter ending March 31st 2002 be filed on paper?*

Yes, a plan can submit an original and a hard copy of their reporting form for March 31, 2002. **PLEASE NOTE: BEGINNING JUNE 30, 2002, ALL HEALTH PLANS WILL BE REQUIRED TO FILE THEIR REPORTING FORMS AND ATTACHMENTS ELECTRONICALLY USING THE DEPARTMENT'S WEB PORTAL.**

12. *Do we need to file a hard copy of the reporting forms if we are filing electronically?*

No, the purpose for electronic filing is to eliminate the paper filing. Therefore, once the plan successfully uploads their reporting forms and attachments to the Department, no additional information is necessary. It is recommended that the Health Plan keep a copy of the filing for their records.

13. *How do you want the footnotes filed for the new quarterly reporting forms?*

When the plan files their reporting forms via the web portal, the footnotes to financial statements should be sent as an attachment. There are detailed instructions for sending attachments on the web portal.

14. *Do you require a back up with paper copies?*

Please see #12 for response.

15. *How do we submit the attachments and audited financials statements?*

Please see #13 on how to submit attachments electronically. For the annual audited financial statements, the health plans will be required to send a hard copy original plus one copy to the Department. The information should be sent to:

Department of Managed Health Care
Division of Financial Oversight
ATTN: Patricia Sampson
980 9th Street, Suite 500
Sacramento, CA 95814

16. *How many User IDs does each health plan receive?*

Each health plan will receive one user id and password.

17. *Is the password and user ID the same to submit material modifications and amendments?*

The electronic filing process for material modifications and amendments is a completely separate process from filing the reporting forms electronically. You will receive a separate user id and password for filing the reporting forms electronically.

18. *Is the user ID sent to the contact person?*

Yes, the user ID and password will be sent to the plan's contact person that is filed with the Department.

19. *Do we get a separate address and password for licensing and financial filings?*

Yes, see response to #17.

20. *Do we have access to the Web right now?*

No, the user IDs and passwords have not been assigned. The plans that submitted their electronic filing agreements will have access in February 2002.

- 21. *After I download the forms from the Department's web site, I am required to enable the macros. I did not receive the dialogue box that asks if I want to enable or disable the macros.***

Depending on your Excel computer settings, you may or may not receive a dialogue box that asks if you want to enable or disable the macros. However, if a dialogue box appears, please choose "Enable Macros" so the spreadsheet functions properly.

- 22. *When do we get to the web portal?***

See question #10.

- 23. *How are consolidated financial statements submitted?***

Continue to report as you are currently reporting. The consolidated or combining financial statements may need to be submitted as a separate filing along with the consolidating or combining schedules. Do not include them as an attachment to your reporting forms. See the web portal for instructions.

- 24. *Do you use passwords for downloading and uploading?***

Yes, a password is necessary for uploading and downloading. Once the plan receives their user id and password, they will have access to the web portal. There are four screens in the web portal: welcome, upload, download, and help.

- 25. *Can we lock the signature cell?***

Unfortunately, the plan cannot lock the signature cells on the cover page. The pages are protected by the Department. Therefore, another protection cannot be placed on the reporting forms.

- 26. *What evidence of signature do you need?***

The Plan is required to submit an Electronic Filing Agreement with the Department. According to the agreement, a typed signature on the cover page of the reporting form will serve as a valid signature.

27. *Can we get a new password?*

New passwords may be assigned on a case by-case basis. It is recommended the Health Plan request a new password whenever the contact person leaves the employment of the Health Plan.

28. *Consolidated forms, do you need to file the affiliate filing?*

The plans are required to submit the financial statements that they have previously filed. If the plan files a consolidated or combining financial statements, then the consolidating or combining schedules must to be submitted to the Department.

29. *Can any attachments be accepted?*

Yes, any attachments can be accepted as long as they are Microsoft Word or Excel attachments.

30. *Can you send E-mail of any updates on forms?*

We are compiling a list of email address for plan contacts. Please email: healthplanreporting@dmhc.ca.gov with the names and email addresses of individuals that should receive emails regarding updates to the reporting forms and electronic filing of the forms.

Until we have the email address of all contact persons, we will continue to notify all plans via U.S. mail. Please continue to check the Department's web site www.hmohelp.ca.gov/memos/ or the web portal for updated information. Also, please remember to check the date next to the reporting forms, when downloading the reporting forms (from the web site or web portal) to ensure that you are using the latest version of the reporting forms.

31. *When will the changes for pharmacy costs be added to the reporting forms?*

We added two lines (Pharmacy Expense – Capitated and Pharmacy Expense Fee-for-Service) to Report #2, Revenue, Expenses, and Net Worth.

32. *Is this the final, final form?*

We are currently making minor changes to the reporting forms. When we post the next version, February 2002, we do not anticipate any changes to the reporting forms. However, we may encounter programming errors that need adjustments. Therefore, we

remind you to check the dates (See question #31) before entering your information on the reporting forms.

33. *Report #1, Part B, the \$ and cents are not correct.*

Programming changes have been made to the reporting forms. The forms now accept amounts in whole dollars only. In addition, the plan can report amounts in thousands (000). If you plan to report amounts in thousands (000), please check box 36 on the cover page.

34. *If the year-end is not 12/31/01, will we be filing on the new forms?*

Yes, please see question #61

35. *On Schedule A-1 Page 11 (Quarterly and Annual), there may not be enough lines to report all information. The schedules are protected and you cannot add additional lines.*

If there aren't enough lines to report the detailed information on the reports or schedules, please enter the information in the overflow page or enter the detailed information in the notes to financial statements.

36. *Schedule I, Column 2 should be the total of lines 3-6 in Report #1, Part B, Column 4.*

Yes, the change has been made to the reporting forms.

37. *Schedule G section one; what does this equal?*

Schedule G, Section I should equal Report #1, Part B, "Liabilities and Net Worth", Lines 3 through 6, Column 4.

38. *Total unpaid claims; what should this equal?*

See question #37.

39. *Other officers; we have more officers than can be listed on this page.*

Please provide detailed information in the overflow page or in the notes to financial statements or attach as a listing of the additional officers.

40. *Do you require the title of the officers?*

Yes, Please list the officers and the titles of the officers.

41. *Is page one at the bottom where you sign?*

Yes, on lines 32-34, of the cover page, is where the typed signatures are required. According to the Electronic Filing Agreement, a typed signature is a valid signature.

42. *On signature page, do you need to type in all three signatures?*

No, one typed signature is required. However, if you wish to provide all three signatures, you may do so.

43. *Page 4 - Detail of aggregate write-ins*

If sufficient lines are not provided in the "Aggregate Write-Ins" sections, please use the over flow page or notes to financial statements to report additional line items or attach a listing of all items.

44. *How do we identify the attachments and what do we do if we have more than 4 lines.*

On the report or schedule, please enter "See detail in notes" or "see attachment" and enter the total amount reported on the attachment. For example, if a plan had 10 items for Schedule A-1 "Cash", the plan could:

- 1) Enter the detailed information on Lines 1 through 7. On Line 8, Enter "See attachment" and the total amount reported on the attachment. OR,
- 2) Enter "See Attachment" or "See Notes to Financial Statements for Detail" and enter the total amount of the detail on Line 1.

45. *The cover page requires three signatures. What if I only want to enter one signature?*

A programming change has been made to accept one or more signatures.

46. *Page 17 (annual reporting form) rolling monthly schedule and fiscal year ending conflict.*

No, there shouldn't be a conflict. Please see following example for Schedule G, Section III:

The plan's fiscal year ends on June 30, 2002. The first quarterly filing on the new forms will be for the quarter ended March 31, 2002. Schedule G, Section III:

1	2	3	4	5	6	7
---	---	---	---	---	---	---

Month	Beg. Bal	Add.	Deduct	Deduct	Add/Deduct	End Bal.
March 2002	^^	**	**	**	**	"
Feb2002	^^	**	**	**	**	"
Jan 2002	^^	**	**	**	**	"

(^^) Ending balance from previous month.

(**) Monthly totals

(*) Amount equals Schedule H, Column #6.

The quarter and year ended June 30, 2002 will be:

1 Month	2 Beg. Bal	3 Add.	4 Deduct	5 Deduct	6 Add/Deduct	7 End Bal.
June 2002	^^	**	**	**	**	"
May 2002	^^	**	**	**	**	"
April 2002	^^	**	**	**	**	"
March 2002	^^	**	**	**	**	"
Feb2002	^^	**	**	**	**	"
Jan 2002	^^	**	**	**	**	"

The quarter ended March 31, 2003 will be:

1 Month	2 Beg. Bal	3 Add.	4 Deduct	5 Deduct	6 Add/Deduct	7 End Bal.
March 2003	^^	**	**	**	**	"
Feb 2003	^^	**	**	**	**	"
Jan 2003	^^	**	**	**	**	"
Dec 2002	^^	**	**	**	**	"
Nov 2002	^^	**	**	**	**	"
Oct 2002	^^	**	**	**	**	"
Sept 2002	^^	**	**	**	**	"
August 2002	^^	**	**	**	**	"
July 2002	^^	**	**	**	**	"
June 2002	^^	**	**	**	**	"
May 2002	^^	**	**	**	**	"
April 2002	^^	**	**	**	**	"

47. *There are no instructions for notes to financial statements.*

Notes to financial statements need to comply with GAAP. The notes need to contain sufficient disclosure to understand the information presented in the financial statements. The information will be similar to the information presented in the year end audit report but updated to correspond with the reporting period.

48. *Are there any requirements for the notes to financial statements or is it free formatted text?*

Yes, the notes to financial statements could be typed on the "Notes to Financial Statement" page or the Notes can be submitted on as a Microsoft Word or Excel document.

49. *Does Schedule I page 19 tie to lines 3 - 7 or 3 - 6 in Report #1, Part B?*

Column 2 on Schedule I should tie to Lines 3 through 6 of Report #1, Part B "Liabilities and Net Worth".

50. ***On old forms, there were lots of forms that we did not need to file. Is it still the same?***

The forms have changed. We eliminated several schedules and replaced them with schedules that better assist us to monitor the health plans on-going financial viability.

51. ***On first qtr filing, do you need to recreate the last seven quarters.***

Please see Question #46.

52. ***What is an accrued ambulatory encounter?***

This definition was taken from the old reporting forms. Please report actual ambulatory encounters in the Report #4, "Enrollment". The definition has been changed in the instructions.

53. ***Is the quarterly reporting form similar to the annual reporting form?***

The quarterly and annual forms are similar. However, the quarterly forms capture the current period and year-to-date information. The annual forms reflect annual activity. Also, the quarterly reporting forms have fewer schedules. Please see page 23, of the instructions, on the forms that need to be filed quarterly.

54. ***Schedule L needs changes to add another line for pharmacy expense.***

Another line has been added to Schedule L for pharmacy expense.

55. ***There are numbering errors in the TNE calculation page 29, lines 35 through 38.***

There were numbering errors on the TNE schedule. The changes have been made.

56. ***Report number 2 instructions caused things to be classified differently. Do you need to re-state the last 6 months?***

It appears that information should be reclassified when comparing the old income statement to the new income statement. However, there really shouldn't be a need to reclass any information.

Example: A plan's fiscal year ends 6/30/2002. The plan reports quarters ended 9/30/2001 and 12/31/2001 on the old Orange Blank and 3/31/2002 and 6/30/2002 on the new reporting forms. The Plan has \$1,000,000 in hospital expenses (\$300,000 fee-for-service, \$200,000 for per diem, and \$500,000 for capitated expenses) for each of the quarters ended 12/31/2001 and 3/31/2002. This is how the expenses would be reported:

(The plan should have the detail for the \$1,000,000). Only the total needs to be reported.

Old:

Inpatient expenses \$1,000,000

New:

Inpatient – FFS \$300,000

Inpatient - Per diem \$200,000

Inpatient – Capitation \$500,000

Total expenses \$1,000,000

The plan should have the detail from the old inpatient expenses in order to calculate TNE. If the detail isn't available, the total amount should be reported in Inpatient – FFS.

57. *Footnotes disclosers*

The footnote disclosures can be entered on the page for "Notes to Financial Statements". If the plan intends to submit an attachment, please enter "See Attachment" and answer, "yes" to question #2 in the supplemental information (Page 2).

58. *Is Schedule G, Section III mandatory? We never had to file this part. Also, do we estimate the # of claims.*

Yes, Schedule G, Section III is a new section and it is required. We want to review the approximate/estimated number of claims on hand at the end of each month.

59. *Page 2 clarifications – no disclosure.*

If you are attaching footnote disclosures as a separate attachment, please choose "yes" on question 1, page 2 of the reporting forms.

60. *Schedules C, D, and F do not have a column for 1-30 days. Is it necessary to show the names of debtors or creditors?*

We want to review any receivables/payables that are non-current, beyond 30 days. Therefore, we did not request the information for current receivables/payables.

Yes, please list the name of the debtors or creditors.

61. Does the 110% rule apply to affiliate receivables in normal course of business?

There haven't been any changes in classifying affiliate receivables from the prior Orange Blank filings.

62. Schedule C indicates allowance for doubtful accounts, where should this be disclosed?

We are requesting an aging of receivables with account balances greater than 5% of gross premiums receivable. Report the net premiums receivable (gross amounts less amount accrued for premiums determined to be uncollectible for the period) in Report #1, Part A, Line 3.

63. The instructions conflict with the reporting forms.

There were some errors in the instructions and they do not conform to the reporting forms. Changes have been made to the instructions to conform to the reporting forms. In addition, there were several questions regarding Schedules G and I. We provided examples in the instructions on how to complete the Schedules.

64. Schedule I page 19-column 3; what do you mean by paid-to-date?

There were several questions regarding Schedule I. The following example shows how the form should be completed. The following example will also appear in the instructions to the reporting forms.

Example:

The Plan's fiscal year ends June 30, 2002.

1	2	3	4	5
<u>Qtr. Ending Date</u>	<u>Total Medical Liab</u>	<u>Amt. Paid-to-Date</u>	<u>Difference</u>	<u>Outstanding Liab.</u>
June 2002	##	xxx	Col 2 minus 3	**
March 2002	##	^^	Col 2 minus 3	**
December 2001	##	^^	Col 2 minus 3	**
September 2001	##	^^	Col 2 minus 3	**
June 2001	##	^^	Col 2 minus 3	**
March 2001	##	^^	Col 2 minus 3	**
December 2000	##	^^	Col 2 minus 3	**
September 2000	##	^^	Col 2 minus 3	**

(##) Amount reported for total medical liability in Report #1, Part B.

(^^):

Qtr Ending Date	Amounts paid between:	For Dates of Service:
March 2002	4/1/02 - 6/30/02	3/31/02 and prior
December 2001	1/1/02 - 6/30/02	12/31/01 and prior
September 2001	10/1/01 - 6/30/02	9/30/01 and prior
June 2001	7/1/01 - 6/30/02	6/30/01 and prior
March 2001	4/1/01 - 6/30/02	3/31/01 and prior
December 2000	1/1/01 - 6/30/02	12/31/00 and prior
September 2000	10/1/00 - 6/30/02	9/30/00 and prior

(**) Based on the plan's lag table(s), enter the amount of outstanding liability.

65. *Is training required for filing the reporting forms electronically?*

Training is not required to file the reporting forms electronically. We do not plan on scheduling a training class. All instructions for electronic filing are on the web portal. If you need assistance on filing electronically, please see the help screen for information on how to contact the Department or call Michelle Yamanaka at (916) 322-0391.

66. *The file number is 933-0 (enter last three digits). What does this represent?*

The file number is your file number assigned by the Department. If you need assistance with your number, please check the execution page on your amendments/material modifications that are filed with the Department or call.

67. *All aggregate write-ins should agree to the details. For example, Report #1, Line 10 should specify "(agree with line #1099), while line #1099 should specify "(go to Line 10)".*

We made programming changes to the reporting forms. The forms are linked together by referencing cells from other line items, reports, or schedules or they are the sum of a number of cells. These cells are protected and cannot be changed. The cells that are protected are those that have "0" in them.

In the above example, if a plan completes the details of aggregate write-ins for current assets, line 1099 will automatically add the sum of lines 1001 through 1098 and the amount on line 1099 will automatically transfer to line 10.

68. *On Report #2, Line 28 "Management Fees". The instructions state, "Report all expenses for management services provided to the reporting entity. Do not include expenses for services provided by affiliates under management agreements (Line #30)." What is a management service?*

On Line 28, the plan should report all expenses associated with services provided by non-affiliates under management agreements.

69. Report #4:

(a) *Is Medicare separated from Medicare Risk?*

(b) *What is in Other*

(a) Medicare should be separated from Medicare Risk. Please enter the Medicare Risk numbers on Line 2 and enter the Medicare numbers in the "Detail of Write-Ins".

(b) Report any other enrollment that does not fit into 1 through 5.